(b) Government is conscious of the need for better targeting subsidies and eliminating those which have not served any social or economic purpose. Steps are being taken to eliminate subsidies on domestic LPG and PDS kerosene in a phased manner over the next few years. Social and economic considerations may not warrant complete elimination of subisdies particularly those intended for the benefit of the poor and the destitute.

Extension of relie to farmers by banks

4708. DR. DASARI NARAYANA RAO : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that RBI had recently advised all commercial banks to extend additional relief to the farmers affected by drought in the districts notified as drought affected;

(b) if so, the details thereof;

(c) whether all the banks particularly public sector banks extended the desired additional relief;and

(d) if so, the details of relief provided by each Bank, State-wise and District-wise which were drought affected?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) to (c) Reserve Bank of India (RBI) while reiterating its extant guidelines has, in addition, advised all Scheduled Commercial Banks to extend the following relief to the farmers affected by drought, in the districts notified by the State Governments.

(i) There should be no recovery of any amount either by way of principal or interest during the financial year 2002-03 in respect of Kharif crop loan.

(ii) The principal amount of crop loan should be converted into term loan and will be recovered over a period of minimum five years in the case of small and marginal farmers and four years in the case of other farmers (as against three years stipulated in the existing guidelines)

(iii) Interest due in the financial year 2002-03 on crop loan should also be deferred. No interest should be charged on the deferred interest.

In addition to the above, waiving the first year's deferred liability of interest on kharif loans with a cap of 20% as one time measure is under consideration of Government of India.

All Scheduled Commercial Banks are required to adhere to the instructions issued by RBI.

(d) The information is being collected and will be placed on the Table of the House.

World Bank loan to Andhra Pradesh

4709. SHRI RAJKUMAR DHOOT : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the World Bank plan to give $ 2 billion to various projects this year of which $ 50 million will go to Andhra Pradesh for poverty reduction schemes;

(b) if so, what are the other projects proposed to be undertaken this year with this World Bank fund; and

(c) what are the terms and conditions of the grant of funds of $ 2 billion by World Bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) World Bank's new commitment to India during the Bank's financial year 2002-2003 (July-June) is estimated at US $ 1.6 billion. Andhra Pradesh Rural Poverty Reduction Project with World Bank assistance of US $ 150.03 million has been signed between Government of India and World Bank on 3rd April 2003.

(b) Projects approved by the World Bank during the Bank's financial year (upto 30-4-2003) are :

1. Andhra Pradesh Community Forest Management Project
2. Andhra Pradesh Rural Poverty Reduction Project
3. Uttar Pradesh State Roads Project
4. Technicial Engineering Eduction Quality Improvement Programme Project
5. Reproductive and Child Health (Supplement)
6. Chhattisgarh District Rural Poverty

(c) World Bank IBRD assistance is offered under Variable Spread Loans (VSL) with repayment period of 20 years including 5 years grace period, variable interest rate currently at 1.71%, a front end fee of 1% and Commitment Charge of 0.25% on undisbursed loan amount. World Bank IDA credits repayment period is 35 years including 10 years grace period, a service charge of 0.75% but no interest.